

Date: February 12, 2015

To: The I-35W Solutions Alliance Board of Directors

From: Rob Vanasek

Re: Legislative Report

The House, the Senate, the Governor and the transportation funding advocacy group Move MN have all laid out their funding solutions for bridging the transportation funding needs gap. The Senate bill is very similar to the governor's recommendation (and also Move MN's plan), but those three proposals currently have little resemblance to the House's proposal.

Members of the House and Senate have said publicly agreed that the solutions enacted following the process of a session won't exactly mirror those bills introduced at the beginning of a session.

Governor's proposal	Senate proposal: SF 87	House proposal: HF 4
\$11B/ ten yrs	\$10.7B/ten yrs	\$750/four yrs
\$4.4B/ten yrs via gas tax	\$5.8B/ten yrs via gas tax	\$200M/four yrs from general fd
\$1.45B/ten yrs via tab fees	\$1.25B/ten yrs via tab fees	\$223M/four yrs from trunk hwy fd
15% of MNDoT budget via efficiencies	?? MNDoT budget via efficiencies	\$65M via MNDoT efficiencies
(\$5.38B for trunk hwys)		(\$223M for trunk hwys)
(\$2.35B for local roads and bridges)	\$567M bonding for local roads and bridges	(\$200M for local roads & bridges)
\$2.9B/ten yrs via .5¢ metro sales tax for transit	\$2.5B/ten yrs via .75¢ metro sales tax for transit	
\$145M/ten yrs for GreaterMN transit & bike/ped from General fd	\$320M/ten yrs for GreaterMN transit & suburban counties from current leased vehicle tax	
\$2B/ten yrs for state hwys via trunk hwy bonds	\$1B/four years for Corridors of Commerce and Transportation Economic Development via trunk hwy bonds	

Governor's (and Senate's similar) Proposal

The governor highlighted his transportation proposal the day before including it and its details encapsulated within the rest of his budget released late last month.

He recommends raising about \$6B for roads and bridges over the next decade via a 6.5 percent wholesale sales tax, and raising tab fees. The governor and MNDoT state there is a \$6B gap between needs and revenues over the next ten years.

The governor's transportation proposal is being sold as costing an average rural Minnesota driver \$15/month and an average metro driver \$24 month under the fully implemented plan.

The recommendations' rationale is that preservation and improvement of the current system cannot be done with current funding levels and that congestion levels, the infrastructure itself, and our region's economy will deteriorate without additional investment.

\$4B is said to be for preservation and modernization and \$2B is slated for strategic expansion to accommodate expected population growth.

The metro-wide sales tax of .5% (.75% called for in the Senate bill) is expected to fund around 20 new transit-ways, mostly suburban focused BRT.

House Proposal

The House proposal has no new taxes, and allocates \$200M general fund dollars and around \$500M unreserved trunk highway funds to a four year \$750M plan that includes bonding.

The House points out that 33 other states prioritize roads and bridges by utilizing general fund dollars.

There is also not a consensus on the transportation needs funding gap. Chair Kelly has said he understands the needs gap ranges from \$2.5B to \$10B depending on the source. Chair Kelly currently fails to see the need for additional revenue, but also shared that there is a committee process and everyone is working on solutions for our transportation problems. He is waiting to see the governor's bill language.

The House Chair stated that Commissioner Zelle believes there is up to \$55M in efficiencies possible (an example given was by building bridges straight and not curved on 610, they were able to save \$20M), which exceeded the House's initial expectations.

Chair Kelly has said they may try to do something smaller now by putting a budget together for the short term and then return to focus on the longer time horizon needs next year.

Just yesterday, some potential ideas were shared by the Speaker at a forum such as potentially bringing the MNDoT's operations budget and the State Patrol operations

budget over to the general fund. The Speaker shared yesterday that they would likely add \$500M to their earlier \$750M transportation proposal. He commented that they are planning to show how they propose to bring \$6B in new dollars over ten years to fund transportation needs without raising taxes. The Speaker then also added, "A gas tax is not off the table."

Transportation Committees

The Transportation Committees have been doing overviews of MNDOT, the Met Council and other agencies under their jurisdiction. The Senate reviewed the Office of the Legislative Auditor's 2013 report on noise walls earlier this week.

Bonding Bill?

The current budget provides about \$225 million worth of increased debt service potential in bonding this year. The governor would like to do a much larger bonding bill than that and the Senate's bonding committee chair has said he thinks the number to be around \$500 million, with a chunk of that going to local roads and bridges. The Senate chair thinks the House will be willing to put general fund dollars to pay for trunk highway bonds.

Transportation Day at the Capitol

The Transportation Alliance and Move MN are coordinating a large lobby day at the capitol for transportation funding later this morning. There is a House panel of legislators including Speaker Daudt, Chair Kelly, Vice Chair Petersburg, and Co-Lead Hornstein and Erhardt. The Senate Panel comprises Majority Leader Bakk, Chair Dibble, and Ranking Member Pederson. They also have speakers from other states to illustrate funding proposals elsewhere.

People

Adam Duinick has been appointed the new Chair of the Metropolitan Council. The governor made this previously part-time position a full-time position. Adam had been chair of the Council's Transportation Committee and was also its liaison to the regional Transportation Advisory Board. He previously worked in politics raising money and lobbying the legislature.